2003-2004. The process of absorption of Group A officers (Numbering about 3000, including 2,200 ITS) commenced in March 2005. In order to seek their option, letter dated 24.03.2005 was issued. On expiry of the sanctioned term of deemed deputation on 15.10.2005 another letter dated 18.10.2005 was isued by the Department of Telecommunications regarding repatriation of all such Group A officers [of Indian Telecom Service (ITS) and other Services] who had either not exercised their option or had opted for Government service provided such officers were not covered by the interim stay orders granted by various courts.

About 1150 officers were thus reverted to Government.

This action has not affected the Telecom Services in the country. This is because alternative arrangements have been made by posting officers who have opted for BSNL/MTNL from Group A, B categories in Exchanges. These measures have been adequate for smooth functioning of telecom services.

A large number of cases filed by Group A officers of Indian Telecom Service (ITS) and other services individually and through their Associations challenging the letters dated 24.03.2005 and/or 18.10.2005 are pending adjudication by various Benches of Central Administrative Tribunal (CAT) and High Courts. As on date, pending final disposal of cases, interim orders of various Benches of CAT and High Courts are in operation.

Thus, the subject-matter of absorption of Group A officers in BSNL/ MTNL and of repatriation of Group A officers of Indian Telecom Service (ITS) and other services pursuant to the letters dated 24.03.2005 and/or 18.10.2005 being under adjudication by the courts of law, is at present *sub-judice*.

Facilities to US based I.T. company

169. SHRI JESUDASU SEELAM:
DR. T. SUBBARAMI REDDY:

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether US based IT services company providing product development and market analytics services is planning to invest another $100 million in its operations in next 3-4 years in India;

(b) whether the said company has already invested around 30 million dollars in its Indian operation and has been growing by 100 per cent per year since its inception in India three years ago and is planning to double its growth as market keeps expanding rapidly; and

(c) if so, what are the other facilities, services that would be provided to this company to grow further in India?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD): (a) to (c) DIT (Department of Information Technology) is not aware of any such proposal. However, the Government has taken a number of steps to promote IT services industry i n the country, as listed in the statement.

Statement

Steps taken by the Government to promote Information Technology Services Industry

1. Approvals for all foreign direct investment proposals relating to the Information Technology Sector, with the exception of Business-to-Consumer (B2C) e-commerce are under the automatic route.

2. Peak rate of customs duty is 15% Customs duty on ITA- items (217 items) has been abolished from 1.3.2005. All goods required in the manufacture of ITA-1 items have been exempted from customs duty subject to actual user condition. Customs Duty on specified raw materials/inputs used for manufacture of electronic components or optical fibres/cables is @ 0%. Customs duty on specified capital goods used for manufacture of electronic goods is @ 0%.

3. Excise duty on computers is @ 0%. Microprocessors, Hard Disc Drives, Floppy Disc Drives and CD ROM Drives are exempted from excise duty. Parts, components and accessories of mobile handsets including cellular phones are exempted from excise duty.

4. Special Economic Zones (SEZs) are being set up to enable hassle free manufacturing and trading for export purposes. Sales from Domestic Tariff Area (DTA) to SEZs are being treated as physical export. This entitles domestic suppliers to Drawback/DEPB benefits, CST exemption and Service Tax exemption. 100% Income Tax exemption on export profits is available to SEZ units for 5 years,

50% for next 5 years and 50% of ploughed back profits for 5 years thereafter.

5. Export Oriented Unit (EOU)/Software Technology Park (STP) units are eligible for Income Tax exemption on export profits, upto 2010, in terms of Sections 10A and 10B of the Income Tax Act.

6. 100% depreciation is available to computers and computer peripherals over a period of 5 years for units under EOU/Software Technology Park (STP)EHTP/SEZ schemes.

7. Information Technology Software is exempted from Customs and Excise Duty.

8. Export Promotion Capital Goods scheme (EPCG) allows import of capital goods on payment of 5% customs duty. The Export Obligation under the scheme is linked to the duty saved and is 8 times the duty saved on capital goods imported, to be fulfilled over a period of 8 years. The export obligation under EPCG Scheme can also be fulfilled by the supply of Information Technology Agreement (ITA-1) items to the DTA provided the realization is in free foreign exchange.

9. Second hand capital goods are freely importable.

10. To induce more investment for Research and Development activities, a weighted deduction of 150% on the sums paid to any university, college or an institution or a scientific research association for the purposes of scientific, social or statistical research is available.

11. Income by way of dividends or long-term capital gains of a Venture Capital Fund (VCF) or Venture Capital company from investment made by way of equity shares in a Venture Capital Undertaking, which has been expanded to include the Software and IT sectors, will henceforth not be included in computing the total income. To give thrust to Venture Capital finance, SEBI has been made the single point nodal agency for registration and regulation of both domestic and overseas venture capital funds.

12. Information Technology Act, 2000 dealing with Cyber Security, Cyber Crime and other information security-related legal aspects is in place to encourage expansion of e-commerce through Internet.